



Presented to

Assembly Committee on Jobs, Economic Development, and the Economy

California Steel Industries, Inc.
Fontana, California

November 6, 2013

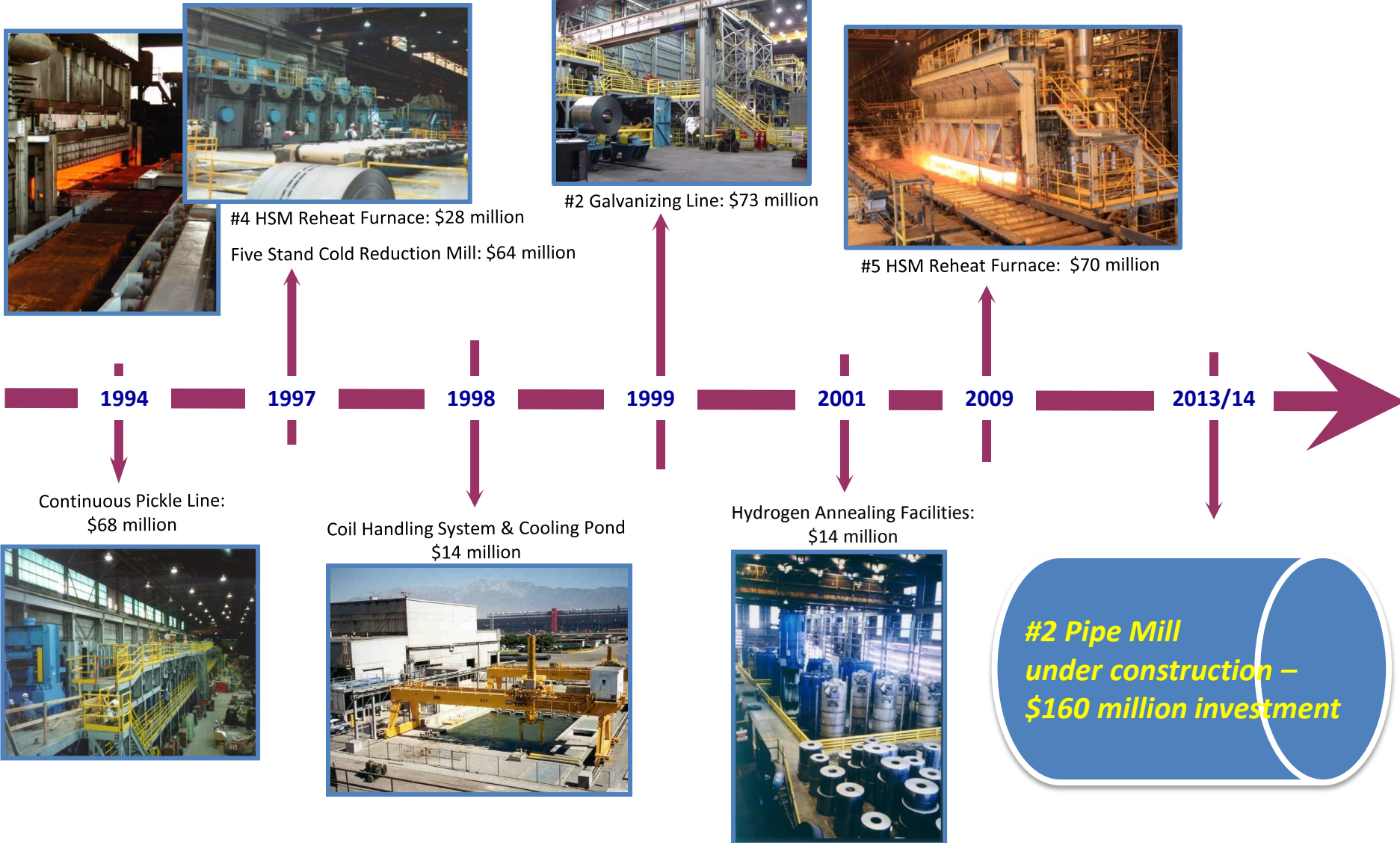
CSI: Strong Company and a Strong Employer

Company	<ul style="list-style-type: none">■ An American corporation celebrating nearly 30 years in business■ On site of former Kaiser Steel Co. which operated here for 40 years
Products	<ul style="list-style-type: none">■ Flat rolled steel and electric resistance welded pipe
Customers	<ul style="list-style-type: none">■ 200+, California and surrounding Western states, construction-based
Site	<ul style="list-style-type: none">■ 400 acres, with 150 acres “under roof”■ \$1 Billion in capital investments since 1992
Workforce	<ul style="list-style-type: none">■ 960 employees + 120 contingent workers■ 50% minorities■ CSI has never had a layoff in its history!

World-class environmental and safety performance



Capital Investments for Growth: \$1 Billion since 1992



Business Model: CSI Purchases Steel Slab for Conversion to Coil Sheet & Pipe



Slabs



Hot Rolled coil
formed into



Converted to:

- Hot Rolled Coil Sheet
- Cold Rolled Coil Sheet
- Galvanized Coil Sheet



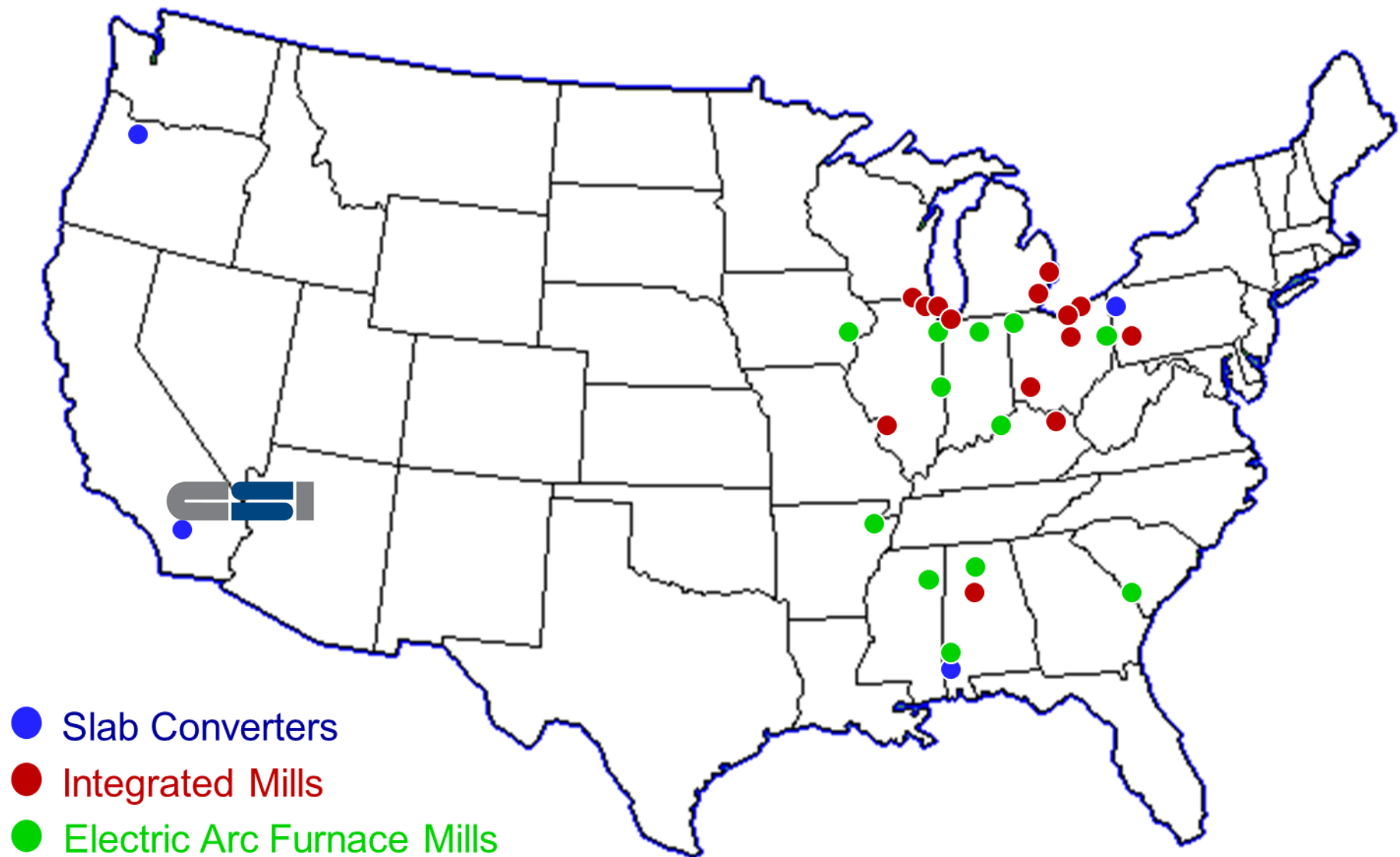
Electric Resistance Welded Pipe

Typical End Uses of CSI Sheet

<i>Hot Rolled Sheet:</i>	Spiral weld pipe, shipping containers, construction
<i>Pickled & Oiled Sheet:</i>	Auto wheels and rims, strapping, grape stakes, tubing
<i>Cold Rolled Sheet:</i>	Electronic cabinetry, lighting fixtures, metal office furniture, water heaters, containers, tubing, construction
<i>Galvanized Sheet:</i>	Solar installations, framing, tubing, drums, tanks, culvert, decking, fireplaces, stoves, HVAC, general construction, grape stakes
<i>ERW Pipe:</i>	Oil and gas transmission pipelines; construction



Domestic Steel Producers by Type



U.S. Steel Industry

- In the West, there are NO integrated mills or electric arc furnace recycler mills producing slab or sheet products.
- There are just four slab converter mills in the U.S., two west and two east.
- In the West, manufacturers rely primarily on CSI and Evraz (slab converter mills) for their sheet and plate requirements.
- Buy America in its present form hurts steel processing companies and their employees across the West and hamstringing state DOTs.



CSI's Raw Material is Steel Slab



Nearly two million tons of steel slab are received at the Port of Los Angeles annually

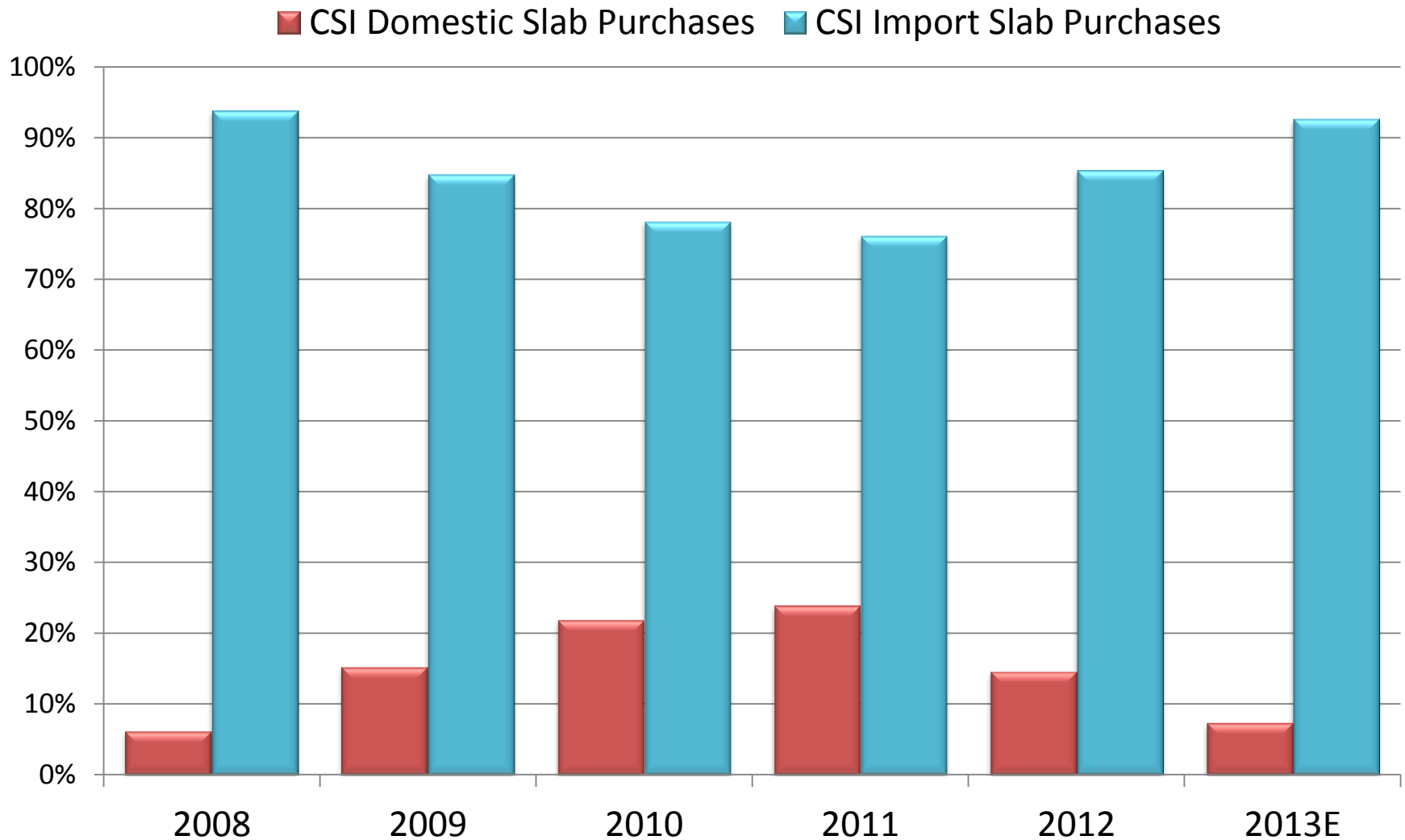


All steel slab, whether coming from the Port or from USA locations, arrives by rail



Slabs at one of CSI's storage yards, to be processed into end product

The Supply of Domestic Slab is Limited



Impact of Buy America on CSI

- 1. Highways and Transit – current law**
 - Steel must be “melted and poured” in the U.S.
- 2. Other areas (such as water projects) are proposed to be included**
- 3. Unknown loss of business due to uncertainty for CSI customers**



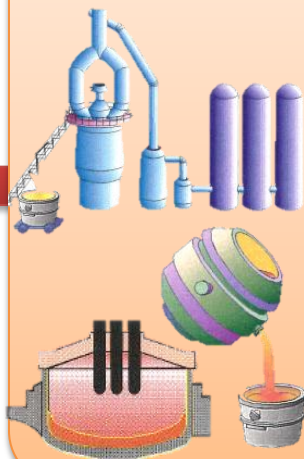
Waivers are in place for raw materials just one step removed from slab:

Raw Materials

The raw materials used in steelmaking: all can be imported and used in "Buy America" products



The steelmaking process



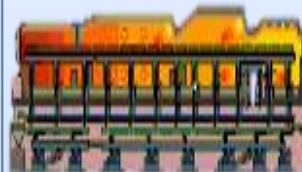
Semi-Finished

Steel Slab



CSI's "Raw Material"

Processing a steel slab into coil or pipe



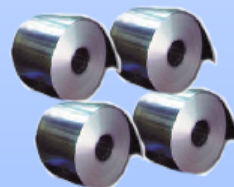
Slab Reheat Furnace



Rolling into Coil



Further processed to customers' requirements in 4 or more different processes



Finished coil shipped to customers' facilities

Finished Steel Products

**200
Customers**

Current & Proposed Buy America Steel Sheet Applications

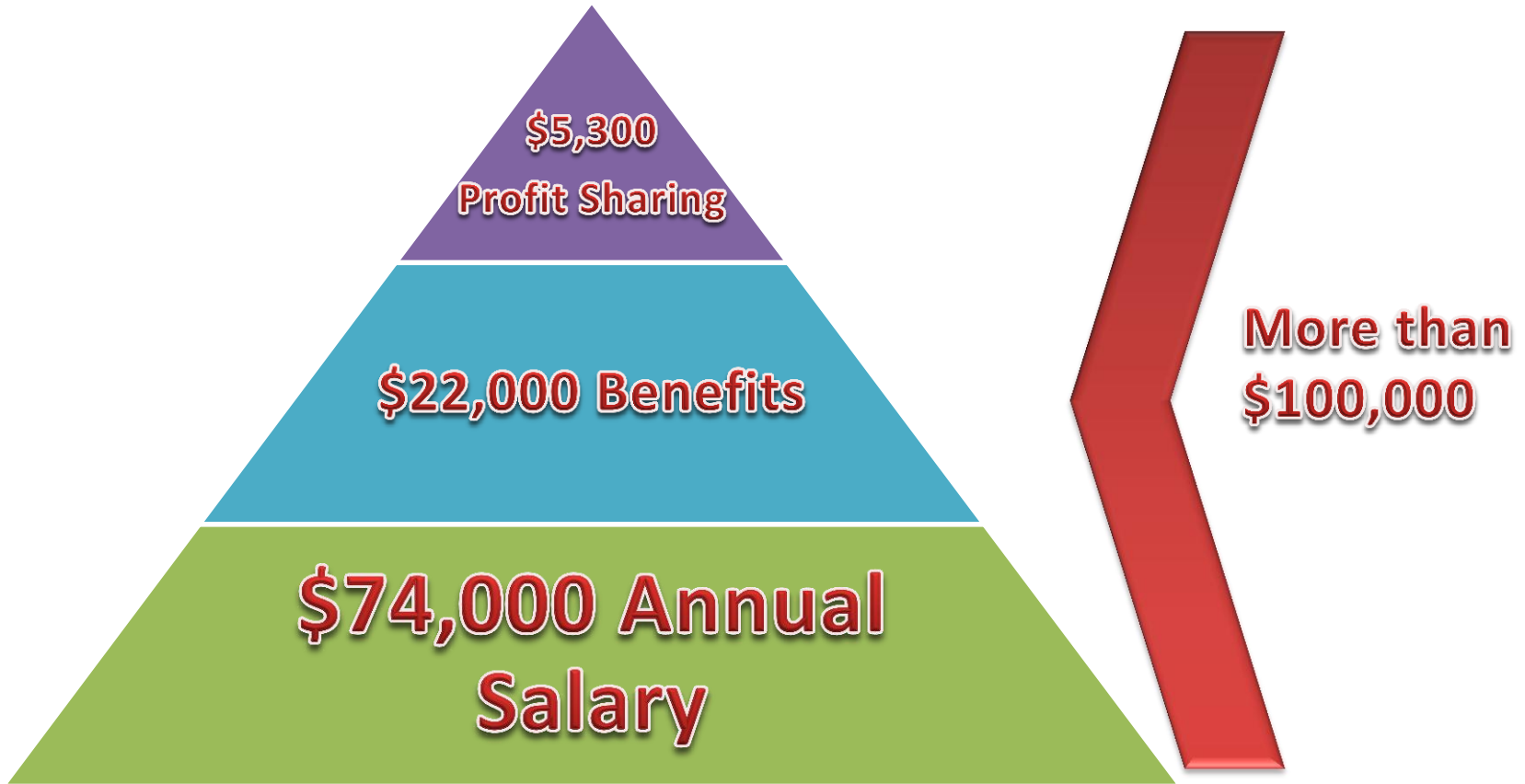


Highlights of CSI Employment

- Second largest US non union steel manufacturer
- Turnover is ~60 employees/year (6%)
- Hard to fill positions: Craft, Engineers, Computer Analysts
- Very successful training programs:
 - Community Colleges – Electricians & Mechanics
 - 4 Year Colleges – Interns in Engineering & Computer Science
 - On-site BSBA degree program



Average Annual Total Compensation for CSI Employees



- To be competitive CSI requires a robust transportation infrastructure (Port, Rail and Highways)
- ***Fixing Buy America is good for CSI, good for the Port, and good for California***
- Support our efforts in the Trans-Pacific Partnership trade negotiations
 - Including Canada, Mexico, Japan

